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Macroeconomic Factors and Profitability: A Study of Selected Multinational Food and Beverages Companies in Nigeria

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ABSTRACT: *Manufacturing, particularly the food and beverage industry, remains critical to every economy around the world, as do the realities in Nigeria. Due to increased population, disposable incomes, changing tastes and products, Nigeria's food and beverage sector is expected to grow rapidly. However, fluctuating macroeconomic factors threaten the daily operations of Nigeria's food and beverage industry. This study examined the effect of macroeconomic factors (political, economic, socio-cultural, and technological) on the profitability of selected multinational food and beverages companies in Nigeria using a survey research design with specific reference to Coca-cola, PepsiCo, Nestle, Unilever, and Cadbury Nigeria Plc. A questionnaire was used to collect primary data from a sample of 417 employees drawn from five multinational food and beverage companies located in Lagos State, Nigeria. Multiple regression analysis was used to test the hypotheses formulated. Results indicated that macroeconomic factors (political, economic, and technological) had a significant effect on the profitability of multinational food and beverage companies in Nigeria. The study concluded that macroeconomic factors are vital and have a significant impact on the extent to which enterprises' operations generate a profit, thus, it was recommended that the management of the multinational food and beverage companies in Lagos State, such as Coca-Cola, PepsiCo, Nestle, Unilever, and Cadbury, need be aware of the macro-environmental factors influencing their profitability in order to make decisions that will increase the firm's profit.*

KEYWORDS: political factor, economic factor, technological factor, food and beverages companies, profitability, Nigeria

INTRODUCTION

The macroeconomic environment under which crucial decisions and economic activities are undertaken has continued to be given serious attention by researchers and policymakers. This is because the natural resources of countries are consistently correlated with either income levels or income growth. Macroeconomic factors exist outside the company and are not under the control of management; they include social, environmental, and political conditions, suppliers, competitors, government regulations and policies (Adidu and Olanye, 2006). These factors (i.e., macro) can pose a positive or negative threat to the performance of a firm. While micro factors are within the control of management, the macro factors are beyond the control of management (Dioha, Mohammed, & Okpanachi, 2018). The macro-environment affects business decisions on spending, borrowing, and investing, which contributes to the growth of an organization. In fact, the macro-environment is one of the marketing environments that a company should always pay attention to because it can create opportunities and challenges. Consequently, the formulation and effective implementation of sound macroeconomic policies and programs aimed at stimulating investment are crucial to achieving economic prosperity in Nigeria. Thus, without prejudice to the important role of such things as natural resources, good climate, and socio-cultural and political factors, economic growth comes about through the building of a large stock of productive assets, and skills, all of which can be powerfully influenced by government policy.

Globally, the food and beverage market grew from $5.8 trillion in 2021 to $6.4 trillion in 2022 at a growth rate of 9.7% and is expected to be $8.9 trillion in 2026 at a compound annual growth rate of 8.7% (Market research, 2022). In North America, the United States food and beverage industry is large and complex and is an essential part of the US economy. In South America, Brazil's food and beverage industry accounts for about 22% of the manufacturing sector. In terms of revenue, it represents 10% of total GDP (gross domestic product), with revenues above R$ 656 billion. The Brazilian food and beverage industry plays a vital role in the rapid growth of the economy. This sector is considered the most prominent national sector of the processing industry in Brazil and accounts for 17% of the economy (Arisseto-Bragotto, Feltes, & Block, 2017). In Europe, Germany’s food and beverage industry is the fourth-largest, with a production of € 179.6 billion in 2017 and promising prospects for 2018 and beyond, which makes them the largest market for soft drinks and spirits in Europe. The most popular drink is coffee; its annual consumption is 162 litres per capita. Overall sales were flat in 2017, with Broad Bean Classics and Espresso / Café Crema posting a double-digit increase of 12% (Germany Trade & Invest, 2021). Malaysia's food and beverage industry accounts for 10% of its industrial output, so it is essential to identify the relevant drivers, constraints, and incentives to develop an appropriate environment for the sector. Integrating Malaysian-invented food and beverages into the global food market will help increase competitiveness and motivation (Salim et al., 2018).

The food and beverage sector plays an essential role in the African economy as it is the fastest-growing sector. In 2021, the African food and beverage sector sales were around €1.15 billion. Average sales are expected to grow by 18.19% from 2021 to 2025. The expected growth by 2025 will result in a market size of around €2.38 billion (Intergest, 2021). Despite the important role played by the African food and beverage sector, the sector is being plagued by several macroeconomic factor challenges. In Kenya, the food and beverage sector suffers from irregularities in the national tax system. The food and beverage sector struggled over the past two decades, which has been reflected in the challenges of poor financial performance (Chepkorir et al., 2018). In addition, strict government regulations and fluctuations in commodity prices adversely affect the market growth of the food and beverage sector in Kenya. South Africa's Food and Beverage Industry (SAFBMI) is dominated by a small number of large and diverse domestic and multinational food manufacturers that build market share and control both capacity and sales in most food categories. The ten largest packaged food companies in South Africa account for 52% of total packaged food sales.

Nigeria's food and beverage industry is growing primarily due to the growing middle class and overall population growth. In 2019, the retail sector alone accounted for about 75% of sales (such as supermarkets), at around € 43.79 billion. Sales growth in the food industry averaged 9.2% annually between 2015 and 2019 (Intergest, 2021). In the business environment of Nigeria, the performance of Nigerian food and beverage companies is low sales, high production costs, low capital utilization, lack of foreign exchange to procure necessary inputs, and lack of power supply. These issues resulted in the absence of proper integration and coordination of various business subsystems in Nigerian organizations, resulting in the inability to achieve defined goals and objectives. Since February 2022, Nigeria has faced shortages after substandard fuel imports, resulting in weeks of shortages and long queues at gas stations. Annual core inflation, excluding agricultural prices, rose from 13.87% in January to 14.01% in February; this has been the highest since April 2017 (Trading economics, 2022). Manufacturers, particularly those in the Food and Beverage subsector in Nigeria, complain that the country's operating business environment is poor and the cost of doing business is high. This impacts on the performance of Food and beverage sub sector of the economy. Dangote Foods, UAC Foods, Nigeria Breweries, Unilever, Honeywell Flour Mills, Cadbury, Nestle, Friesland, and many others are among the leading food industries in Nigeria. Nigeria Breweries stands out as a beverage industry leader. These businesses are involved in food production, processing, manufacturing, and marketing, with the goal of making Nigeria self-sufficient in food production. Its products are numerous and diverse, including popular noodles and spaghetti, to name a few (Ecker & Hatzenbuehler, 2022).

Given the size and capacity of the Nigerian market, the number of Nigerian competitors is increasing. Companies now attract customers through promotional activities such as advertising and public relations (Ibrahim & Abubakar, 2020). Since Nigeria's macro-environment is characterized by frequent changes that negatively affect multinational companies, continuous monitoring of these macro-environmental factors and environmental scanning is always one of the challenges of the global food and beverage industry (Kowo, Akinrinola, & Sabitu, 2018). All these issues and challenges mentioned above have very significant bearings on the organization's operation regardless of its size and nature. Consequent to this background, this research examines the effect of macro-environmental factors on the performance of selected multinational food and beverages corporations in Lagos State, Nigeria.

Several scholars such as Adetokunbo and Edioye (2020), Alao and Oloni (2015) Babatunde and Ifetayo (2018), Ebitu and Beredugo (2015), Idowu, Alu, and Adagunodo (2002), Ishola and Olusoji (2020) have carried out inquiries on macro-environmental factors (PEST) and performance and other research contexts like globalization business strategy demographics, decision making organization adaptation based on developed and undeveloped countries. Though this nature exists in Nigeria, it has not yet been determined to what extent the macro-environmental factors (political, economic, socio-cultural, and technological) affect the profitability of organizations in Nigeria's food and beverage industry. Also, no recent empirical studies have covered the link particular in Nigeria. Hence the study examined the effect of macroeconomic factors (political, economic, socio-cultural, and technological) on profitability of selected multinational food and beverages companies in Nigeria. The study tested the hypothesis stated below:

H_0: Macroeconomic factors (political, economic, socio-cultural, and technological) have no significant effect on the profitability of multinational food and beverages companies in Nigeria.

LITERATURE REVIEW

Microenvironment Factors

The term macroeconomic environment can be defined as those factors essential in supporting the environment and outside the organization, which are not under the direct control of the organization, but in some way affects the structure, activities and development of the organization. These factors include: technological changes, demography, political factors, economic and socio-economic factors, competitors (Gabriel & Hannah, 2020). Mwadime (2020) defined macroeconomic environment in an international business organization as external factors from the host or home country that affect a company's operations and profitability (Mwadime, 2020). Sammut and Galea (2014) further explained that the macro-environment is made up of variables beyond the organization's control but needs analysis to adapt corporate and marketing strategies to the changing business environment. Companies want to survive and strategically position themselves for profitable businesses worldwide. In that case, they need to consider the environmental factors that affect an organization in an international environment that may be similar or different to its home country (Mesfin, 2018). On the characteristics of the macro-environment, Sammut and Galea (2014) emphasized that the extent to which policymakers are likely to intervene in the commercial environment is an essential factor in a PEST analysis. Trade, taxation, work, and environmental laws need to be considered. Commercial restrictions and political stability are also influential factors that may determine the company's success or failure.

Mkalama (2014) investigated the benefits of a macro-environment and showed that the higher the rate of change in the environment, the greater the number of critical organizational goals that need to be changed, and vice versa. The ability to time organizational changes and respond to the rate of change in the environment is an essential indicator of an organization's ability to respond. However, with flexible coping strategies and a positive attitude towards uncertainty, dynamic organizations see opportunities, not threats, even in the most disruptive environments. An organization's ability to adapt well to its environment is facilitated mainly by its ability to know what the external environment will look like in the future. This means that if an organization can predict the magnitude and direction of environmental changes with some certainty, it can effectively adapt to those changes. The disadvantage of the macro-environment is that multinational food and beverage organizations suffer from risks such as multiple taxes, devaluation, inflation, refunds, expropriation, confiscation, campaigns against foreign products, and compulsory unemployment benefits.

Macroeconomic environment factors include political, economic, socio-cultural, and technological environmental factors. The legal and economic factors are essential for the foreign direct investment (FDI) boom. The political environment includes GDP growth, investor protection, ease of borrowing, company establishment, contract execution, tax payment, real estate registration, cross-border trade, market access, and investment opportunities in various economic sectors (Kowo, Akinrinola, & Sabitu, 2018). Political factors can manifest themselves in the State's impact on tax policy or the State's involvement in trade agreements (Mbithi et al., 2017).

The economic environment is all the economic factors that affect the functioning of an entity. Organizations rely on the economic environment for all the input they need; selling finished products also depends on the economic environment, leading to companies entirely depending on the economic environment. Economic factors include, among other things, issues related to inflation, interest rates, per capita income, and labor costs. The exchange rate of the currency is also an important factor. If the currency is changed to pay workers or provide other services, it will ultimately lead to higher or lower operating costs (Mwadime, 2020). Other economic changes that affect business include changes in the interest rate, wage rates, and the rate of inflation. In the case of low-interest rates and an increase in demand, businesses will be encouraged to expand and take risks.

Sociocultural factors represent the culture of the society that a company operates within (Mbithi et al., 2017). Sociocultural represents how society forms the beliefs, values, norms, attitudes, education, and ethics of growing people, and these factors go far beyond control. It has a great impact on the organization and beyond. All these factors are classified as socio-cultural factors for the company. People's buying and consuming behaviors are strongly determined by these factors, and the cost of ignoring people's habits, preferences etc. can be very high for the business. Consumers rely on cultural instructions to guide their actions and assume that others act in a way that is consistent with their culture. According to Ndungu (2012) social factors are related to changes in social structures. These factors provide insights into a population's behaviour, tastes, and lifestyles patterns. Buying patterns are greatly influenced by the changes in the structure of the population and consumer lifestyles. Socio-cultural environmental factors have a significant impact on an organization, such as consumption habits, community awareness, education levels, social habits, traditions, and heritage. All of this helps guide consumer behavior in some way. In addition, demographic factors such as population, median age and fertility, domestic population distribution, unemployment rate and rural to urban migration, demographic types, ethnicity, income levels, and buying habits also impact the organization (Nguyen, Le Abstract, & Le, 2020).

Technological factors refer to the rate of new inventions and development, changes in information and mobile technologies, technology upgrades, changes in the technological infrastructure of the Internet and e-commerce, and research funding. Therefore, the importance of the technological environment is very high and is an integral part of today's business operating through the internet or the use of technology (Perera, 2017). The role played by technology in trade keeps increasing annually, and it is essential to realize that changes in this area ultimately affect costs and quality, leading to innovation and building a country's presence internationally. Businesses are going the digital way by using applications, websites, and social media to market themselves. Innovations are emerging, and the growth of e-commerce has tremendously increased (Mwadime, 2020). On the characteristics of the technological environment, Albulushi, Irtaimah, and Al-Khasawaneh (2020) explained that technology is an essential element in enhancing the organization's competitive position as it works to improve the organization's services or products continuously, hence achieving business sustainability and prosperity. Technological elements consist of spending on studies that specialize in technological improvement within the industry, innovation, generation transfer, lifestyles cycle, and velocity of generation adjustments. They contribute to helping the enterprise's functionality to use and take advantage of new sciences and thoughts that are rising in numerous fields of knowledge.

Profitability

Profitability is commonly used as an indicator of corporate performance (Kant, 2018). It shows the ability of a company to make a profit on turnover, asset level, and capital stock over a specific period (Odusanya, Yinusa, & Ilo, 2018). Profitability is an efficiency measurement that determines the health of a firm based on revenue and profit. It is also crucial in the determination of a company’s going concern aspect, revenue recognition, overall health, and its economic value. In the determination of whether to invest in a company or not, potential investors evaluate the company’s profitability to establish resource utilization and management of its investment portfolio (Benjamin, Emmanuel, Francis & Ben, 2019). Profitability refers to the extent to which an activity yields financial gain or profit. It is a derivative of Return of Equity (ROE) of shareholders of the firms after meeting all expenses and taxes (Benjamin, et al, 2019). Warren and Reeve (2016) state that profitability is the ability of a company to generate revenue. A firm’s ability is determined by how well and efficiently they operate and resources they have at their disposal. Therefore, maximizing profits to satisfy shareholders, attracts new capital, and secure a sustainable business in the best interests of any organization. Business profitability is widely recognized as an essential condition for long-term business survival and success, and it also impacts economic growth, employment, innovation, and technological change (Kant, 2018). A business that is not profitable cannot survive, and a highly profitable business can reward its owners with a significant return on their investment (Marak, 2014).

Nguyen and Nguyen (2020) defined profitability as one of the critical factors in assessing performance, showing the percentage of profit compared to asset investment, stock, or sales. Companies can increase their profits by effectively protecting themselves from external forces that affect their ability to achieve higher prices or lower costs. Only a thriving and stable economy can allocate sufficient financial resources for sustainable development, thus attracting the attention and investment of domestic and foreign investors. This shield may be due to market share status, high barriers to entry, power over the actions of others (buyers or suppliers), or other mechanisms such as competition in industries where there is little competition (Boulding & Staelin, 1990). It is now widely accepted that market share is one of the most critical determinants of a company's profitability. Under most circumstances, a company with a high market share in the market in which it provides services will be significantly more profitable than a competitor with a smaller market share (Buzzell, Gale, & Sultan, 1975).

Conceptual Model

The conceptual model shows the link between key elements of macroeconomic factors and profitability, hence pose a positive or negative threat to the performance as well as profitability of a firm.

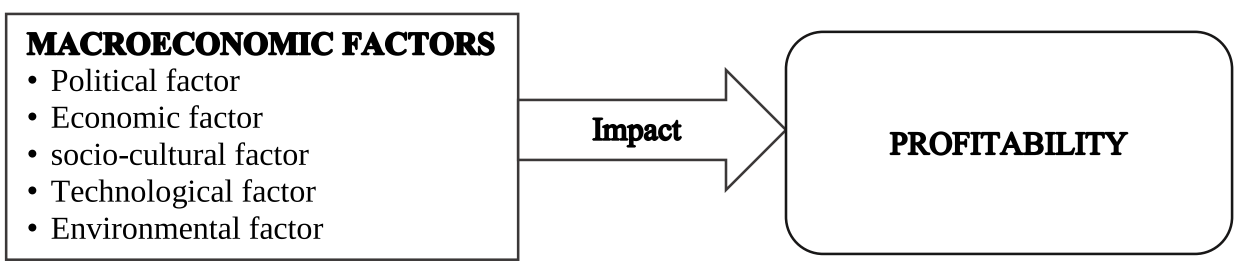

Figure 1: Conceptual Model Showing the effect of macroeconomic factors on profitability.

Theoretical Framework

This research is anchored on contingency theory. Contingency theory was proposed by Austrian psychologist Fiedler (1964) in his original 1964 article, The Contingency Model of Leadership Effectiveness. The underlying assumption of contingency theory is that a single type of organizational structure is not equally applicable to all organizations. Rather, the effectiveness of an organization depends on the type of technology, environmental variability, size of the organization, characteristics of the organizational structure, and the agreement or response between its information systems (Suleiman, Abba, & Yahaya, 2018). Soares and Maduro-Abreu (2019) one of the supporters of this theory, says that efficient management is adaptable and depends on the need to adapt to the environment and external contingencies. According to another proponent Mayegle and Wandji (2017), this theory is the flow of research that has produced a lot of research on the relationship between environmental contingencies and business management practices. Other supporters of these theories are: (Peters, Hartke, & Pohlmann, 1985; Strube & Garcia, 1981). This theory is relevant to the study in that it explains how macroeconomic factors can influence food and beverage sector profitability since macroeconomic factors are complex web of interaction of many factors. Therefore, the profitability of the food and beverages manufacturing companies' will be dependent on the environmental contingencies and business management practices.

Empirical Studies

Marak (2014) conducted a survey on the micro and macro-environment of profitability of Thai technology companies. The sample size 300, sourced from 30 Thai tech companies, allows researchers to collect data from the Thai Stock Exchange of Thai tech companies for 10 years, or 10 years from 2003 to 2012. As a secondary source, the target audience for this survey focuses on 39 technology companies in Thailand that have been listed on the Thai Stock Exchange for 10 years.

The statistical models used in this study include descriptive statistics and multiple regression analysis. SPSS (Statistical Package for the Social Science) version 21. The findings show that debt and GDP have a statistically significant impact on ROA. Debt has been shown to have a negative impact on ROA, while GDP has been shown to have a positive impact on ROA. In addition, variables such as assets, capital, liquidity and inflation are not statistically significant in both ROA and ROE. Therefore, the results of this study show that debt and GDP are important factors influencing the profitability of Thai technology companies. In another study, Al-Homaidi et al. (2018) evaluated the bank-specific macro-economic determinants of the profitability of Indian commercial banks. For macro-economic variables, the results show that all macro-economic determinants except the lending rate INTR are negatively correlated with all profitability indicators. Return on total assets (ROA), return on equity (ROE), Net Interest Margin (NIM). EXCH, BIP, and INF show a negative association with return on assets (ROA), return on equity (ROE). However, the lending rate (INTR) has a positive correlation with the three rates of return. Return on total assets (ROA), return on equity (ROE), net profit margin (NIM). Overall, the results show that the ROA adjusted coefficient of determination is 0.53 for both the pooled and random effects models, compared to 0.66 for the fixed effects model.

This suggests that both bank-specific and macro-economic determinants contribute approximately 53% and 66% to ROA-measured profitability, respectively. In addition, the ROE adjusted R-squared is 0.45 for the pool model, 0.46 for the fixed effects model, and 0.22 for the random effects model. This means that both bank-specific and macro-economic determinants account for approximately 45%, 46%, and 22% of bank profitability fluctuations, respectively. In addition, NIM-related results show that the fitted R-squared values for pooled, fixed, and random effects models are 0.40, 0.49, and 0.40. This means that both bank-specific and macro-economic determinants about 40%, 49% and 40% of bank's profitability. Both the AM ratio and the LEV ratio have a large effect at the 1% level (p-value = 0.00 <0.01), but the LNAS at the 5% (p value = 0.02 < 0.05).is significantly high. They are all found significant at the level of 1% significance level. The coefficient of AM ratio and LNAS are found to be positive revealing that they have a statistically significant positive impact on ROA. Hussain (2015) showed that there is a significant correlation between macro-economic environment, stock market conditions and inflation, which has a significant positive impact on profitability. The results also show that all macro-economic determinants used in the study are important and have a negative impact on the profitability of Indian commercial banks. The results show that bank size, number of branches, asset management ratios and leverage ratios are very important profitability variables measured by ROA in the context of commercial banks in India. The results provide better insights into the Indian banking sector and its profitability determinants.

METHODOLOGY

The study adopted a survey research design. Primary source of data particularly structured questionnaire was employed in this study. The population of study is made up of 7200 employees of five (5) selected multinational food and beverage companies in Nigeria. The food and beverage companies include Coca cola, PepsiCo, Nestle, Unilever, and Cadbury. These companies operated from Lagos State. A total of four hundred and seventeen (417) employees were conveniently selected for the study using the Cochran's formula (1997) of sample size. Multiple regression analysis was employed to determine the effect of macroeconomic factors (political, economic, socio-cultural, and technological) on the profitability of multinational food and beverages companies in Nigeria with the aid of Statistical Package for Social Science (SPSS) at 0.05 level of significance (95% confidence level). Linear regression model was formulated for the study. The model is stated below:

PROF = f (POLF, ECOF, SCF, TECHF)

Where:

PROF: Profitability

POLF: Political Factor

ECOF: Economic Factor

SCF: Social Cultural Factor

TECHF: Technological Factor

The model is represented in econometric form as:

$PROF = \alpha + \beta_1 POLF + \beta_2 ECOF + \beta_3 SCF + \beta_4 TECHF +$ ẹ

Where:

α = Constant Term

β = Beta coefficients

ẹ = Error Term

RESULTS AND DISCUSSION

The hypothesis formulated for tested by the Multiple Linear Regression (MLR) analysis with the aid of statistical packages for Social Science (SPSS) version 26. The hypothesis is restated below:

H_0: Macroeconomic factors (political, economic, socio-cultural, and technological) have no significant effect on the profitability of multinational food and beverages companies in Nigeria.

Table 1: Multiple Regression Analysis for Testing the Hypothesis

Macroeconomic Factors	B	T	Sig.	ANOVA (Sig.)	R^2	Adjusted R^2	F (4, 345)
(Constant)	8.114	8.142	.000	0.000[b]	.543[a]	.286	36.006
Political environment	0.204	3.573	.000				
economic environment	0.079	1.976	.049				
Socio cultural environment	-0.017	-.271	.786				
Technological environment	0.322	6.155	.000				
a. Dependent Variable: Profitability							

Source: Researchers' Findings 2022

According to the Table, macroeconomic factors have a significant and positive effect on profitability. The R-square value of 0.543 (54.3%) reveals that independent variables of political, economic, socio-cultural, and technological factors had a combined influence of 0.543 (54.3%) on dependent variable of profitability. The adjusted R^2 value of 0.286 (28.6%) suggests that political, economic, socio-cultural, and technological factors, all contribute to variation in the level of profitability of the multinational food and beverages companies. This is adequate for establishing the model's goodness of fit. As a result, the regression model proved to be quite beneficial for forecasting. The overall diagnostic test of significance utilizing Analysis of Variance (ANOVA) between the macroeconomic factors and profitability was given in the Table. The ANOVA results for regression coefficients indicate that the significant value of the F-statistics at F=36.006>F-table=4.29 at a degree of freedom of (4, 345) with p-value=0.00 which is less than 0.05 or 5% error term. This posits macroeconomic factors significantly influence profitability and therefore represent a good fit for the model. Therefore, macroeconomic factors could be used to predict variation in the level of profitability of the selected multinational food and beverages companies,

Table 1 shows that when all other factors are maintained constant, profitability equals 8.114. When there is a unit change in the macroeconomic factors identified in the study, which include political, economic, and technological factors it increases by 0.204, 0.079, and 0.322 respectively, while a unit change in socio-cultural factor leads to the reduction in the level of profitability while other variables remain constant. Overall, from the regression results in Table 1, technological environment had the highest effect on firm profitability of the selected multinational food and beverages companies Nigeria with a coefficient of 0.322 and t value of t= 6.155. In second place is political environment with a coefficient of 0.204 and t value of t= 3.573. Lastly, economic environment with a coefficient of 0.079, and t value of 1.976. The finding revealed that Socio cultural environment is not significantly important in forecasting profitability of the selected multinational food and beverages companies Nigeria, hence, the study rejects the null hypothesis which states that the macroeconomic factors (political, economic, socio-cultural, and technological) have no significant effect on the profitability of multinational food and beverages companies in Nigeria.

DISCUSSION OF FINDINGS

Findings from hypotheses testing revealed that the three constructs relating to macroeconomic factors described in the study's model are significant predictors of profitability. This signifies that the management of multinational food and beverages companies in Nigeria should deliberately focus more effort and resources on managing these factors that will help mitigate risks and capitalize on opportunities for growth. This corroborates the view of Nnaemeka et al (2021) that macro environmental factors are beneficial to the organizational profitability of FMG's. These findings are in congruent with Hussain (2015) who established that there is a significant correlation between macro-economic environment, stock market conditions and inflation, which has a significant positive impact on profitability. The results also show that all macro-economic determinants used in the study are important and have a negative impact on the profitability of Indian commercial banks. Equally, Al-Homaidi et al., (2018) found that technological orientation has significant positive effect on organisation productivity. In addition, Al-Barghouthi (2014) finding shows that macro environmental factors like political, sociocultural and technological factors have significant positive effect on productivity. Ishola and Olusoji (2020) conducted a study on micro-environmental factors of mobile telecommunication companies in Nigeria. The study found that there is a significant and positive influence of macro-environment and productivity. Iskandar (2021) conducted a study on macro-environment, sales growth and productivity. The results from the study show that macro-environment determinants have a positive influence on profitability, which in turn improves organizational performance.

CONCLUSION AND RECOMMENDATIONS

A conclusion that can be derived from the above results is that macroeconomic factors are vital and have a significant impact on the extent to which enterprises' operations generate a profit. Organisation performance is highly and positively correlated with operational efficiency, company size, and variations in firm profitability, and is largely explicable by political, economic, social, cultural, and technological aspects. Furthermore, the study concludes that the most influential macroeconomic factors are the technological factor, the political factor, and the economic factor, all of which have a significant impact on the profitability of the multinational food and beverage companies in Nigeria that were the subject of this study.

According to the findings of this study, since some macroeconomic factors investigated had a significant impact on the profitability, the management of the multinational food and beverage companies in Lagos State, such as Coca-Cola, PepsiCo, Nestle, Unilever, and Cadbury, need be aware of the macro environmental factors influencing their profitability in order to make decisions that will increase the firm's profit. The managers should also aggressively exploit potential opportunities regardless of risk or uncertainty and be willing to accept a certain level of risk, as this level of risk will enable managers of multinational and beverage corporations to exploit more business opportunities in the environment, thereby enhancing their profitability.

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